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CLASSIFICATION

CENTRAL INTELLIGENCE AGENCY

REPORT NO.

INFORMATION REPORT

CD NO.

COUNTRY

China

CONFIDENTIAL

DATE DISTR. 8 August 1949

SUBJECT

Communist Abandonment of Coastal Cities

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SUPPLEMENT TO REPORT NO.

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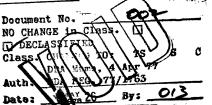
25X1C DATE OF INFO.

> The present Communist military drive to the Southwest is prompted not only by the desire to consolidate the mainland but also by the doubt that the Chinese Communist Party (CCP) will be able to hold and control the coastal cities if attacked there in case of a world war. The CCP believes that a world war is inevitable and imminent.

- 2. The CCP is also conscious of the fact that they are unable to keep the coastal cities going and will abandon them in the near future for bases in the interior, certainly if war comes from abroad and probably if the economic situation becomes worse.
- 3. YANG Nu (), one of the leaders of the Farmers' and Laborers' Party in Shanghai, is in Peiping at the invitation of CNOU En-lai. It is rumored that he is in Peiping to help make plans for the abandonment by the Communists of Shanghai.
- 4. Another rumor is that YANG was invited to Peiping to get him away from the protection of his men, as he has been held by CHEN Yi as hostage for the good behavior of Shanghai gangs under his influence, ever since he offered his assistance in the takeover of Shanghai.

This document is hereby regraded to CONFIDENTIAL in accordance with the letter of 16 October 1978 from the Director of Central Intelligence to the archivist of the United States.

Mext Review Date: 2008



BY GABLE

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